

October 21, 2005

Publication 1346 Part I - File Specification Changes #1

The changes are identified by two vertical bars in the right margin (||).
Deletions are identified by a hyphen followed by two vertical bars (-||).

PATS Testing - No impact

Attached are changes for:

Introduction was revised to remove the mailing information for
Publication 1345

Highlights were revised to include Form 8903

Processing Chart for 1040 was corrected to included "Alabama" and
to remove duplicate "Wisconsin" from Austin

Section 13 - Electronic Signature Specifications

Subsection .08 Jurat Language Text selection D1 was revised

Subsection .09 Jurat Language Text selection D1 was revised

INTRODUCTION

This publication outlines the communications procedures, transmission formats, character sets, validation criteria, and error reject conditions for individual income tax returns filed electronically via telephone lines to participating Internal Revenue Service Centers. Also covered are the formats for statement records, examples of types of records, and explanations of the Acknowledgement files transmitted to electronic filers.

The File Specifications (Part I) must be used in conjunction with the Record Layouts (Part II) and the corresponding version of the Handbook for Electronic Return Originators of Individual Income Tax Returns, Publication 1345. Software developers and transmitters should use both publications and must transmit test returns from the IRS developed Test Package for Electronic Filers of Individual Income Tax Returns, Publication 1436, which is revised yearly. Tax preparers who use a transmission service will need only Publication 1345.

Publication 1346 and Publication 1436 are mailed automatically to applicants as appropriate, based on their intended participation. **Other IRS e-file publications, including Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns, are available on the IRS web site, www.irs.gov. A list of IRS e-file publications is in Publication 3112, IRS e-file Application and Participation.** You may also call 1-800-829-3676 for additional copies of publications.

This publication and its updates are also available on the Digital Daily website at www.irs.gov. In addition, they are available on the Electronic Filing System Bulletin Board System. The Electronic Filing Bulletin Board System (EFSBBS) operates seven days a week. The system is unavailable at 4:00 a.m. Eastern Time for about 30-60 minutes for maintenance. This system provides general Electronic Filing Program information as well as specific information concerning changes to this and other publications.

Filers using an asynchronous modem (14.4 Kbps or less) and communication software can access the bulletin board by dialing:

859-292-0137

The communication software should have the following protocol:
Full Duplex, No Parity, 8 Data Bits, and 1 Stop Bit.

HIGHLIGHTS FOR TAX YEAR 2005

New Form(s)/Schedule(s)

Five (6) additional forms will be accepted for Electronic Filing for Tax Year 2005: ||

Form 8609-A - Annual Statement of Low-Income Housing Credit
Form 8854 - Initial and Annual Expatriation Information Statement
Form 8864 - Biodiesel Fuels Credit
Form 8896 - Low Sulfur Diesel Fuel Production Credit
Form 8901 - Information on Qualifying Children Who are not Dependents
(For Child Tax Credit Only)
Form 8903 - Domestic Production Activities Deduction ||

Decedent Returns

Error Reject Codes 1003 and 1032 were revised to accept returns from taxpayers that died in the processing year before filing their current tax year return. (For details, see Attachment 1 of Publication 1346).

EMS Changes

- An additional IMF Drain was added to the processing schedule. Drains will occur local times at 11am, 6pm and 2am.
- Unisys will process an additional ELF Data run
- "H" will be the new site designator code for Fresno
- Capability for Trading Partners to change their password.
- October 20, 2005 will be the last time to use IRS-provided dial-up and ISDN lines to EMS for Forms 1040 and Electronic Tax Documents (ETD's). Internet access replaces dial-up.
- By November 1, 2005, all data must be encrypted when transmitted across either the Internet or via transmitter-installed encrypted dedicated/leased lines to EMS.

E-filing Imperfect Returns

TY 2005, Individual e-file will accept certain imperfect returns on the second or subsequent transmission of returns where the Child's SSN and Name Control on Schedule EIC does not match Master File or when the Dependent's SSN and Name Control on Form 1040/1040A does not match Master File.

- These returns will reject the first time they come in when they do not pass ERC 0501 or 0504 validations.
- On the second or subsequent filing with an ERC 0501 or 0504 error only, ELF will **accept** the return when the ERO checks SEQ 0035, Imperfect Return Election Indicator, on the Summary Record. An acceptance code of "E" will be returned in the ACK Key Record to the transmitter.
(E = Exception Processing)
- These returns will fallout in Error Resolution Systems (ERS), where the credit and/or exemption may be disallowed.
- Processing time for these returns will be 4 to 6 weeks.
- This exception processing applies to Federal returns transmitted separately (No Fed/State returns filings).

SECTION 1 - DATA COMMUNICATION

Electronic Filers will transmit over the Public Switched Telephone Network or through the internet to the Front End Processing System (FEPS), **also known as Electronic Management System (EMS)** located at the Enterprise Computing Center (ECC) at Memphis, Tennessee and or Martinsburg, West Virginia.

NOTE: IRS plans to discontinue dial-up access to the FEPS by November 2005.

HISTORICAL NOTE: In 1996, IRS began phasing in a UNIX-based Front End Processing Subsystem (FEPS), also known as the Electronic Management System (EMS), at the Enterprise Computing Center (ECC) at Memphis (formerly known as Tennessee Computing Center (TCC)) to eventually replace all of the IBM Series/1 Data Communications Subsystem (DCS). In processing year 1997, the Tennessee Computing Center (TCC) replaced the Series/1 DCS with the new FEPS.

In 1997, the Austin Service Center (AUSC) also began phasing in the FEPS and in 1999 phased out the IBM Series/1. Beginning with PATS 1999, the IBM Series/1 mini-computers were retired from Andover (ANSC), Cincinnati (CSC), and Ogden Service Centers (OSC). Instead of installing the new FEPS in these centers all sites began using the FEPS in the ECC at Martinsburg, WV and Memphis, TN.

The following transmission rules apply:

Processing for 1040 e-file in 2005 Tax Year 2005

JANUARY 2006 - OCTOBER 2006 Return Transmissions

If Fed/State or State only return and the State return included is for the following state; OR If Online Federal return only and the taxpayer's address on their Federal return is in the following state:	Return Processing Center Site Designator and URL	Error Resolution System <u>Correspondence</u>	e-Help Desk 1-866-255-0654 Send Form(s) 8453/8453-OL to:
Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, APO/FPO New York	C - Andover efileA.ems.irs.gov	Andover	Andover
North Dakota, South Dakota, Colorado, New Mexico, Texas, Nebraska, Kansas, Oklahoma, Iowa, Missouri, Arkansas, Louisiana, Mississippi, Alabama	E - Austin efileA.ems.irs.gov	Austin	Austin
Illinois, Minnesota, Wisconsin, Michigan, Indiana, Ohio, West Virginia	F - Kansas City efileB.ems.irs.gov	Kansas City	Andover
Florida, Tennessee, Kentucky, North Carolina, South Carolina, Georgia, APO/FPO Miami Foreign and U.S. Possession addresses, returns containing U.S. Possession forms, Forms 2555/2555-EZ, Forms 8833, Form 8854 or Forms 8891	G - Philadelphia efileA.ems.irs.gov	Kansas City	Austin
California, Alaska, Arizona, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming, APO/FPO San Francisco	H - Fresno efileB.ems.irs.gov	Fresno	Austin
If Federal return only and the first two digits of the ERO's Electronic Filing Identification Number (EFIN) are:			
01,02,03,04,05,06,11,13,14,16,20,22,23,25,51,52,54,78	C - Andover efileA.ems.irs.gov	Andover	Andover
42,43,45,46,47,48,63,64,71,72,73,74,75,76,80,84,85	E - Austin efileA.ems.irs.gov	Austin	Austin
15,31,34,35,36,37,38,39,40,41,55	F - Kansas City efileB.ems.irs.gov	Kansas City	Andover
50,56,57,58,59,60,61,62,65,66,67,98	G - Philadelphia efileA.ems.irs.gov	Kansas City	Austin
30,33,68,77,81,82,83,86,87,88,91,92,93,94,95,96,99	H - Fresno efileB.ems.irs.gov	Fresno	Austin

*Site Designators are entered in the TRANA Record Fed/State Participants are shown in bold print

SECTION 12 - FEDERAL/STATE ELECTRONIC FILING SPECIFICATIONS

.17 Validation of State Records

Most standard reject conditions for state records are listed in the preceding section. Additionally, filers must follow these specifications or the state record(s) could be rejected.

1. The state packet consists of the state generic record followed by all associated unformatted records for the taxpayer. A maximum of one state generic record, and zero to **twenty-five** unformatted records can be contained in a packet. Only one state packet is allowed per federal return. ||
2. A generic record must be present in each state packet. Only one generic record is allowed per state packet. The generic record must precede any unformatted records for that tax return.
3. An unformatted record is not required; however, up to **twenty-five** unformatted records are allowed per state return packet. If more than **twenty-five** are present, the entire return is rejected with Error Reject Code 0045. |
4. The Header Section in the generic and unformatted records (SEQ 0000 through SEQ 0020) must be present.
5. The Record ID's in both the generic and unformatted records are checked for consistency. If inconsistent, the record is rejected. The Record ID consists of 26 characters, broken down as follows:

Record ID Type	6	(Both Records "STbbbb")
Form Number	6	(Generic Record "0001bb" Unformatted Record "0002bb")
Page Number	5	(Both Records "PG01b")
Taxpayer Identification Number	9	N (Primary SSN)
Filler	1	blank
Form/Schedule Number	7	N (Generic "0000001" Unformatted "0000001 to "0000025")

 |

6. The State Code represents the taxpayer's residence state. The taxpayer's residence state may be different than the state of the taxpayer's address. State return packets are distributed to states based on the state code in the generic record. The state code must be a valid Federal/State Electronic Filing state. Valid states in Tax Year **2005** are:

Alabama.....AL	Kansas.....KS	New York.....NY
Arkansas.....AR	Kentucky.....KY	North Carolina..NC
Arizona.....AZ	Louisiana.....LA	Ohio.....OH
Colorado.....CO	Maryland.....MD	Oklahoma.....OK
Connecticut....CT	Michigan.....MI	Oregon.....OR
Washington DC..DC	Mississippi....MS	Pennsylvania...PA
Delaware.....DE	Missouri.....MO	Rhode Island...RI
Hawaii.....HI	Montana.....MT	South Carolina..SC
Georgia.....GA	North Dakota...ND	Utah.....UT
Idaho.....ID	Nebraska.....NE	Vermont.....VT
Illinois.....IL	New Jersey.....NJ	Virginia.....VA
Indiana.....IN	New Mexico.....NM	West Virginia...WV
Iowa.....IA		Wisconsin.....WI

The state code must be consistent throughout the generic record and all associated unformatted records for the taxpayer.

SECTION 13 - ELECTRONIC SIGNATURES SPECIFICATIONS

.08 Jurat Language Text Selections continued

Electronic Funds Withdrawal Consent Selections

Include an Electronic Funds Withdrawal Consent statement only when taxpayer has selected the Electronic Funds Withdrawal option

Selection D1

*Electronic Funds Withdrawal Consent for Forms 1040, 1040A, or 1040EZ
Statement MUST BE included with all Electronic Funds Withdrawal (EFW) returns*

Electronic Funds Withdrawal Consent

If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of my Federal taxes owed on this return and/or a payment of estimated tax, **and the financial institution to debit the entry to this account.** I further understand that this authorization may apply to future Federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). In order for me to initiate future payments, I request that the IRS send me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

Note: Beginning Tax Year 2005, Form 8879 (and 8878) includes the Electronic Funds Withdrawal (EFW) consent language in Part II of each form. Many Software products are designed to include Form 8879 and 8878 (e.g. as required for Practitioner PIN method returns), if Form 8879 or 8878 is not used for an EFW return or document you must still provide EFW consent language to the taxpayer as above.

Selection D2 (ETD only) See Part III of this document

Selection D3 (ETD only) See Part III of this document

SECTION 13 - ELECTRONIC SIGNATURES SPECIFICATIONS

.09 e-file Jurat/Disclosure Text - Code A-D continued

Special Condition Text Selections
Use with Jurat/Disclosure Codes A - D
Tax Year 2005

The Special Condition Text Selections below are to be used with Jurat/Disclosure Code A - D as appropriate. These statements do not have to be provided to all taxpayers, but they **MUST** be provided when the Special Condition applies. The jurat language A - D displays on the previous pages refer to the text below but do not include the entire text in the display. -|

Selection D1

Electronic Funds Withdrawal Consent for Forms 1040, 1040A, and 1040EZ (Include this statement only with Electronic Funds Withdrawal returns if Form 8879 was not completed). |

Electronic Funds Withdrawal Consent

If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of my Federal taxes owed on this return and/or a payment of estimated tax, **and the financial institution to debit the entry to this account.** I further understand that this authorization may apply to future Federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). In order for me to initiate future payments, I request that the IRS send me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

See additional information regarding the electronic funds withdrawal (EFW) consent under the selection D1 explanation in Section 13.08.

Selection T8 - Decedent Returns only with Form 1310 attached

Use this selection only for Form 1040, 1040A, or 1040EZ Decedent returns that are filed with a Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer. If both taxpayers are shown as decedents on the return, two Forms 1310 are required, and T8 must be completed for each decedent.

Form 1310 Signature and Verification

Completion of this section indicates that I am requesting a refund of taxes overpaid by or on behalf of the decedent. Under penalties of perjury, I declare that I have examined this Form 1310 claim, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of person claiming refund (35 character limit)

Date